

RURAL DEVELOPMENT: LESSONS FROM EXPERIENCE
HIGHLIGHTS OF THE SEMINAR PROCEEDINGS

A.I.D. PROGRAM EVALUATION DISCUSSION PAPER NO. 25
(Document Order No. PN-AAX-214)

by

Annette Binnendijk
(Bureau for Program Policy and Coordination, A.I.D.)

U.S. Agency for International Development

January 1989

The views and interpretations expressed in this report are those of the author and should not be attributed to the Agency for International Development.

TABLE OF CONTENTS

Foreword

1. Introduction
2. Summary of Lessons and Implications for the Future
3. Origins of the Rural Development Concept and Strategy
4. Performance of Rural Development Projects
5. Lessons From Experience: Assessing Factors Influencing Performance
 - 5.1 Project Design and Implementation Issues
 - 5.1.1 More Flexible Design Approaches
 - 5.1.2 Smaller Pilot Projects First
 - 5.1.3 Longer Project Lifespans
 - 5.1.4 Simpler, Single-Sector Projects
 - 5.1.5 Productive, Income-Generation Activities First
 - 5.1.6 Careful Choice of Appropriate Implementing Organization
 - 5.1.7 Expanded Roles of the Project Management Team
 - 5.1.8 Greater Local Beneficiary Participation and Feedback
 - 5.1.9 More Research and Testing of Technologies in the Local Context
 - 5.2 Issues Related to Host Country Conditions and Policies
 - 5.2.1 Greater Accommodation to Inhospitable

- Economic Conditions
- 5.2.2 Improved Support for Appropriate Policy Reforms
- 5.2.3 Increased Country Analysis and Strategic Planning

Appendix - List of Participants

FOREWORD

In February 1988, the World Bank in association with the Expert Group on Aid Evaluation of the Development Assistance Committee of the Organization for Economic Cooperation and Development (DAC/OECD) sponsored a seminar "Rural Development: Lessons From Experience." The seminar was attended by evaluation experts and rural development specialists from bilateral and multilateral donor agencies and private organizations. The meeting was particularly timely because a number of the donors had recently completed evaluations of their experience in rural development over the last 20-25 years. It provided a unique opportunity to compare notes on an area of major donor investment.

This Discussion Paper, prepared by the Center for Development Information and Evaluation (CDIE) in collaboration with the World Bank's Operations Evaluation Department, represents a synthesis of the presentations and discussions at the seminar and reflects, in large measure, the views of all the participants. The overarching conclusion of the seminar was as follows:

There was strong consensus that despite problems and setbacks, rural development efforts should be "praised not buried." Participants concluded that the basic objective of rural development -- improving the lives of the rural poor -- was still worthy of commitment by donors and that there were enough success stories to provide promise and direction for the future.

For readers interested in pursuing this subject further, we recommend CDIE's Special Study, "A.I.D.'s Experience with Rural Development: Project-Specific Factors Affecting Performance." This paper is a reprint of A.I.D.'s presentation at the seminar. Also, we refer you to CDIE's Program Evaluation Report No. 19, A.I.D.'s Experience With Integrated Rural Development Projects, (PN-AAL-095), and several CDIE project impact evaluations of specific rural development programs. The World Bank also has produced a major evaluation report of significance to this topic, Rural Development: World Bank Experience, 1965-1986. For anyone actively engaged in the design and implementation of rural development programs, we believe these documents are essential reading. They should help us avoid some of the problems experienced with earlier programs and, most important, give us richer insights into what works.

W. Haven North
Associate Assistant Administrator
Center for Development Information
and Evaluation
Bureau for Program and Policy
Coordination
Agency for International Development
January 1989

1. INTRODUCTION

A seminar on "Rural Development: Lessons From Experience" was held in Paris, France on February 18-19, 1988. Hosted by evaluation staff of the World Bank, the seminar was attended by members of the Expert Group on Aid Evaluation of the Development Assistant Committee of the Organization for Economic Cooperation and Development (DAC/OECD) and by other rural development program evaluators, experts, and operational staff from the bilateral and multilateral donor agencies. (The agencies represented are listed in the Appendix.)

The first of its type, the seminar was to provide an informal forum for the frank exchange and comparison of evaluation experiences on a set of substantive issues related to rural development. Although it was not intended to be a policymaking seminar, the evaluation findings shared by seminar participants have clear operational implications for improving future rural development programs, policies, and strategies by the donor community and developing countries.

2. SUMMARY OF LESSONS AND IMPLICATIONS FOR THE FUTURE

The concluding session of the seminar summarized some of the key lessons from experience discussed during the previous 2 days and drew implications for the future concerning more appropriate donor intervention approaches, strategies, and policies. There was strong consensus that despite problems and setbacks, rural development efforts should be "praised not buried." Participants concluded that the basic objective of rural development -- improving the lives of the rural poor -- was still worthy of commitment by donors and that there were enough success stories to provide promise and direction for the future.

Some of the important lessons for achieving more successful rural development efforts highlighted at the seminar's conclusion are as follows:

- There is a need for greater differentiation of rural development approaches among different regional and country contexts. National strategies are necessary to fill the gap between a global rural development strategy and project approaches.

- Rural development strategies should be integrated into a coherent macroeconomic policy to prevent conflicts and failed efforts.
- Integration of interrelated rural development activities should take place at the country planning or strategic level, but integrated implementation of multiple, complex activities within a single project should be avoided.
- The basic elements of a rural development strategy should be to generate cash flows, make possible economic returns, and increase productivity in the host country. Such a strategy need not be inconsistent with concerns for improving the welfare of poorer populations when efforts are focused on improving the income-generation potential of rural households.
- When donors' rural development projects are financed by loans, donors should have a heightened sense of responsibility for ensuring the economic success and sustainability of their projects to avoid worsening the recipient country's debt situation.
- Project designs should frequently be more flexible and phased so that they can be adjusted in light of implementation experiences. More projects should begin with small-scale pilot efforts first. Rural development strategies should encompass a phased "learning" process approach more consistent with the experimental nature of many rural development efforts. This phased approach implies a longer time horizon and a commitment of 15 to 20 years.
- Stronger donor and host government commitment to longer term programs is indispensable.
- Donors should avoid creating autonomous agencies to implement their projects since experience indicates that such institutions are not sustainable.
- The project's organizational structure should be simple because complex setups with ambitious integration plans are likely to fail. However, some coordination efforts may remain necessary for project success.
- Nongovernmental organizations and the private sector should be more intensively integrated into the rural development strategy.
- Project management, local and expatriate, should be involved at the very early stages of project planning.
- Over the longer term, development of local institutional capacity and upgrading of human resources are important aspects of a sustainable rural development strategy.

- To improve project success and enhance participation, potential beneficiaries should be closely involved in the project identification process and in defining the project's objectives. That is, the project should be identified on the basis of the perceived needs of the target group. The needs of women and poorer groups in the rural community should be carefully considered.
- It is important that local wisdom, experience, and capabilities be identified and analyzed to improve project efforts.
- Projects should maximize mobilization of local resources to facilitate sustainability and replicability. Project efforts should support rather than take over the development initiatives of the local communities.
- Whether simple or sophisticated, technologies must be adapted and appropriate to the local context, needs, and capabilities.

The evaluation experiences and lessons discussed by seminar participants were quite similar, to the point that some wondered whether anything "new" was being learned from their evaluation experiences. Others expressed a feeling of "evaluator malaise," believing that in many cases the lessons of experience had not yet been translated into management action or changed donor policies. Why were mistakes being repeated if the lessons were indeed "old"?

There were several reactions to these viewpoints, including the following:

- The seminar's contribution was in highlighting the similarity of shared experiences among the donors and the degree of interagency consensus on these findings and their operational implications. Seminar participants could return to their agencies with heightened confidence in lessons learned and with stronger positions when discussing needed operational changes with their own agency's management.
- The primary function of evaluation ought to be to change agencies from within; otherwise evaluation becomes a sterile exercise. Evaluators should give more attention to translating evaluation findings into their operational implications and to enlightening top management.
- Since managers and administrators of donor agencies are typically only able to change operations to the extent permitted by their constituencies, evaluators need to work more closely with their public relations divisions to increase awareness of evaluation findings and implications among politicians, the press, and the general public.

- Some of the findings imply a need for major changes in the organization, staffing, and operational procedures of donor agencies. For example, the requirement for more national strategic planning and for greater project management flexibility demands a greater in-house administrative and analytical capacity than many donor agencies have. Moreover, such a requirement implies more and higher quality staff with greater continuity, and more decentralized decision-making. Also, the requirement for "integration" of interrelated activities suggests that ways have to be found for reducing organizational divisions within donor agencies, such as divisions between agriculture and rural development or between urban and rural programs.
- Other implications of the evaluation findings are that serious consideration must be given to difficult, unpopular actions, including, for example, (1) longer term donor financing of a program's local recurrent costs, especially in countries where conditions make this necessary to ensure the sustainability of important programs; and (2) the untying of aid, enabling the competitive procurement of equipment that is more appropriate to the country conditions.

3. ORIGINS OF THE RURAL DEVELOPMENT CONCEPT AND STRATEGY

Seminar participants traced the origins of the rural development strategy and examined some key underlying concepts and goals of this strategy. Rural development was viewed by the group as a broad concept or "enabling mandate" that emerged in the late 1960s in response to pervasive and persistent rural poverty in the third world, especially in parts of Asia. The emergence of this view followed a phase in the 1960s during which donor projects emphasized infrastructure development, which resulted in disillusionment with these early development efforts because of the limited "trickle down" to the poor masses. Central to the new directions of the rural development strategy that emerged was its direct focus on improving the living conditions of poor people in the rural areas of developing countries.

Because of the importance of agriculture to the livelihood of the target population, rural development, although not exclusively an agricultural approach, has often had agricultural development as a central focus. The rural development strategy focused its efforts on smallholders, thus providing an alternative to the large-scale, mechanized farming strategy also advocated by some in the 1960s. The experience of developing countries that adopted a large-farm strategy indicated disturbing consequences, including tenant displacement, greater rural unemployment and poverty, massive rural-urban migration, and frequent sociopolitical instability.

The rural development strategy was generally based on a "self-help" philosophy of providing improved agricultural technologies, supportive infrastructure, and related services thought to be appropriate for small farmers and to improve their income opportunities through new farming practices. Also included in the rural development strategies of many donors were nonagricultural income-generation activities, such as the promotion of small rural enterprises. Often the rural development strategy also included the provision of basic social services and infrastructure to rural areas, such as schools, health and family planning services, potable water systems, rural roads, and electrification.

How these rural income-generation and social-service delivery activities were actually implemented varied considerably, not only among donors but even within the same donor agencies over time, with considerable repercussions on project performance. During the 1970s it became popular in most donor agencies to design integrated rural development projects focused on a particular rural poverty area and involving many component activities and even multiple sectors within one project. As will be discussed later, the special implementation problems that emerged from the complexities of this multisectoral integrated rural development approach cast a shadow on perceptions of rural development efforts in general.

Although seminar participants acknowledged that some of the implementation approaches and experiences in applying the rural development strategy have been problematic, they generally agreed on the "right-mindedness" of the objectives of the rural development strategy and the desirability of renewed donor commitment.

4. PERFORMANCE OF RURAL DEVELOPMENT PROJECTS

Seminar speakers traced the rapid expansion of donor assistance for rural development projects throughout the developing world during the 1970s. This expansion resulted in the widespread adoption of the "smallholder" orientation to agricultural development in many developing countries and most likely helped avoid many of the adverse consequences that might have resulted from alternative large-scale plantation or state-farm strategies.

Evaluation of rural development projects indicated frequent successes, although sometimes results were mixed or poor. An assessment by the World Bank of its evaluated rural development projects indicated that two-thirds were successful, with favorable economic rates of return. Many of the failures were in Africa, where only one-third proved successful. A review of the experience of the Asian Development Bank found only one-half of its rural development projects successful; however, there was no analysis of whether the performance standards or project classifications were the same as those used at the World Bank.

Many examples of outstanding achievements by individual

rural development projects were highlighted at the seminar. Successes included the projects in India and Bangladesh that resulted in large increases in wheat production, the irrigation projects in Indonesia that helped achieve self-sufficiency in rice production, the rubber project in Malaysia that increased smallholder incomes despite falling international prices, and the hybrid maize project in Kenya that significantly increased production. A special rural development success story that was considered in some detail at the seminar was the Aga Khan Rural Support Program in Pakistan (see Section 5.1.8 for a summary of the discussion). One participant noted the significant achievements of rural development in Asia and reminded participants of how the serious threats of famine in the 1960s and the "triage" response that had been expected in that region had been avoided.

Moreover, seminar speakers pointed out that, in addition to the benefits of increased production and incomes, millions of rural people have also benefited from the social service components of rural development projects, including education, health care, family planning, rural water supplies, and rural roads.

In addition to discussions on the achievements of rural development projects, the seminar discussions raised the issues of the sustainability and replicability of the typical rural development project "model." For reasons discussed later (see Section 5), too often rural development project activities were not sustained after the donor's involvement and funding ended.

The seminar also addressed whether the area-focused project approach was conducive to the wide replication necessary to combat the pervasiveness of world rural poverty. Furthermore, participants noted that some large-scale rural development projects that were funded on a loan basis had failed to generate sufficient income and growth to cover investment costs and were now adding to the severity of the third world debt problem.

Seminar participants also reviewed a number of evaluation issues and problems that have made the assessment of the performance and impacts of rural development projects difficult. One was the typical inadequacy of data on beneficiary impact, even in cases where large amounts of funds were allocated for monitoring and evaluation purposes, as in World Bank projects. Participants also emphasized that evaluators should be cautioned against uncritically adopting the often over-optimistic targets established in project design documents as benchmarks for project performance. Evaluators should pay more attention to the positive progress achieved rather than emphasize the shortfalls of the project when compared with unrealistic design criteria. The point was raised that different actors and stakeholders had different, even sometimes conflicting, objectives and perspectives concerning what made a successful project. Evaluators should balance these multiple criteria and consequently be flexible when evaluating rural development project performance.

5. LESSONS FROM EXPERIENCE: ASSESSING FACTORS

INFLUENCING PERFORMANCE

In assessing rural development efforts, seminar participants were openly self-critical, discussing and assessing failures and common shortcomings, as well as acknowledging the substantial achievements of the rural development strategy and the many successful projects supported by donor agencies. Much of the seminar agenda was devoted to sharing and comparing evaluation experiences of "what works and what doesn't work, and under what conditions." By critically assessing problems as well as successes, common lessons emerged from the seminar discussions.

The factors that influenced rural development project performance tended to fall within two broad categories: (1) internal factors specific to the donors' modes of operations and to their project design and implementation processes and approaches and (2) external factors in the project's broader socioeconomic context that influence its performance, such as trends in international and domestic economic conditions and policies, local institutional capacities, and sociocultural structures and processes. Starting with internal factors affecting performance and moving on to the external factors, some of the highlights of the seminar discussions are summarized below.

5.1 Project Design and Implementation Issues

No text under this heading.

5.1.1 More Flexible Design Approaches

Participants generally agreed that the classic, highly structured blueprint approach for designing rural development projects had proven to be overly rigid, given the many unknowns, uncertainties, and unpredictabilities of the typical rural environment. Experience had often proven how vulnerable rural development projects were to external changes, such as declining commodity prices, swings in exchange rates, or seasonal variations in the weather. One participant argued that with the blueprint approach, often no amount of effort by the project implementing team is sufficient to attain project goals.

The advantages of a more flexible ("process") design approach were also discussed. Where tried, these process designs allowed for greater experimentation and testing of alternative approaches to problems, more latitude for learning lessons and more opportunity for modifying and redesigning project approaches that are more appropriate to local conditions. However, experience indicated that the more flexible design approaches tended to be much more management-intensive for both donor and host country staff, which implied a higher cost of technical assistance per unit of capital investment than was currently typical, at least of the projects of the multilateral banks. Also, more continuity

of project management staff was necessary to ensure project success when the process approach was used. Another constraint facing this approach was the budgetary processes that typically required of donor agencies very explicit plans for how the development assistance funds would be spent and avowals of "certainty" about results, regardless of the real world situation.

Thus, the choice between more structured versus more flexible design approaches had to be made within the broader context of the donor and recipient countries' conditions and policies. A significant factor in selecting an approach is the availability and continuity of project management personnel. In designing future projects, managers could make even the blueprint approach more flexible by strengthening the frequency and importance of mid-course reviews and redesigns.

5.1.2 Smaller Pilot Projects First

A second design issue discussed at the seminar was appropriate project size. Several speakers recalled the political and budgetary pressures faced by their donor agencies, which were beginning in the late 1960s to address the problems of vast and extreme poverty in the developing world. These pressures frequently led donors to take premature actions on too large a scale before they knew which approaches and technologies would prove successful in which conditions. Although rural development was often recognized from the beginning as a high-risk, experimental endeavor, the need for immediate action frequently resulted in premature expansion of what should have been "pilot" projects, sometimes with disastrous results. In situations of uncertainty, the seminar reconfirmed the desirability of the more logical approach of starting out small; testing, experimenting, and learning; and only then expanding gradually to a larger scale.

5.1.3 Longer Project Lifespans

A third design issue discussed at the seminar was that of appropriate project lifespan. There was consensus among the participants that the typical 3- to 5-year project timeframe for rural development projects had proven over-optimistic and typically had been inadequate for the development of a sustainable program. Participants emphasized that donor agencies should recognize that a longer term commitment of 15 to 20 years of support is more appropriate for achieving sustained rural development objectives. Such long-term approaches might include a series of time-phased activities based on a flexible strategic plan or program

5.1.4 Simpler, Single-Sector Projects

Another aspect of project design addressed was the issue of project complexity, especially of integration of multiple activities and sectors directed at a particular rural area under a single project. Many participants agreed that the multisectoral project approach known as "integrated rural development" had largely failed because it was overly complex and administratively unmanageable,

requiring a coordination process that was unsuitable and unattainable in the local institutional setting of many developing countries. Multisectoral projects typically suffered from a diffusion of energy and resources and from more coordination problems than were experienced in more narrowly focused projects.

Although there was agreement that integration and coordination of complementary and synergistic activities within a target rural area should take place, it was for the most part accepted that this could best be accomplished at a strategic planning level rather than under one project umbrella. Some participants suggested that only those activities most immediately and essentially related to the achievement of the same development goal should be implemented under the same project. That is, experience indicated that projects should be simpler, have fewer components, and involve fewer executing agencies.

5.1.5 Productive, Income-Generation Activities First

Based on their experience, some seminar participants observed that rural development projects that concentrated first on productive, income-generation activities were the most successful. From their perspective, social-service projects should come only after an income base and growth had been established in the area to pay for and sustain the services.

Participants also noted that projects with a narrow focus on productivity enhanced chances for success, such as those focusing on improving farmers' production and incomes from a single agricultural commodity. A key to successful projects was not to focus projects on maximizing agricultural yields but to maximize farmers' net incomes. It was suggested that area-specific research was needed on the small farmers' perspective on productive opportunities and constraints, which might lead to more donor involvement in such efforts as mixed cropping and nonagricultural income-generation activities for rural households.

Another related comment was that potentially nonproductive or inefficient approaches, such as the establishment of expensive cadres of extension workers when there is nothing to extend, ought to be carefully reconsidered in rural development projects. Donors need to consider more efficient, self-sustaining approaches that are less dependent on host government recurrent budgets, such as dissemination of new technologies through private sector companies and retail outlets.

5.1.6 Careful Choice of Appropriate Implementing Organization

Seminar speakers addressed several issues related to project organization and management that influence project performance.

A discussion of experiences with alternative rural development project implementing agencies revealed some of their advantages and disadvantages.

The most familiar experience cited was with line government agencies, such as ministries of agriculture or of rural development. Their involvement was considered to be essential as implementers of major rural infrastructure activities and as policy-makers and decision-makers. Thus, projects designed to assist in these areas were best handled directly by the government. Because of their direct access to continuous budget sources, these agencies, at least in theory, had the advantage of being able to sustain and even replicate effective development projects. However, as a result of the growing debt crises in many developing countries, and shifting development priorities and commitments, experience with sustaining government-operated projects was often disappointing. Other observations were that line ministries were not always sufficiently responsive to local community interests and frequently suffered from bureaucratic problems of red tape, inefficiencies, low-quality staff, and high turnover.

The second major type of project-implementing organization mentioned was the autonomous or semiautonomous "project management unit," established especially to operate a project. Although such units had proven highly effective in achieving implementation and production targets in the short term, experience suggested that they had a poor track record in achieving sustainability or replicability.

Also discussed were some of the advantages and disadvantages experienced by donors in working with private organizations as implementing agencies, such as nongovernmental organizations, private voluntary organizations, cooperatives, and commercial firms. In general, these private organizations' strengths include their knowledge of local conditions and their close relationships with and understanding of beneficiary interests. The potential profitability to the implementing agency of sustaining a rural development activity was considered an important factor in donors' deciding to work with a commercial company.

General comments were made on the tendency of donor agencies to bypass existing institutions, both public and private, and to create new organizations to implement projects, often with subsequent sustainability problems. In sum, it was suggested that donors undertake a more thorough analysis of existing institutional capacities and functions before deciding to create a new organization. Examples were cited of rural development projects that had created ill-equipped government input-supply and marketing organizations, replacing the existing, quite efficient private sector institutions. Other examples raised were the experiences with the "enclave" project management units that duplicated and competed with functions of the regular line ministries.

Another lesson discussed was the need to keep a project's organizational structure relatively simple; complex setups tended to fail.

5.1.7 Expanded Roles of the Project Management Team

The seminar also raised the issue of management strategies: what are the essential roles of the project leadership group if projects are to achieve and sustain their ultimate impact goals? Experience indicated that project management teams often became exhausted by the difficult tasks involved in running their staffs and the logistics of day-to-day project operations. Too often neglected were other management responsibilities essential for sustaining development impacts. Also suggested was the need for managers to be sensitive to the broader external environment and open to interaction with other groups that might be influential for the future of their programs. Other aspects of sustainability that good project management should consider included adequate development of indigenous institutional capacity and financial viability.

The seminar participants reflected on why institution-building and sustainability goals had so often been neglected in rural development projects, despite declarations to the contrary. When projects were under pressure to achieve short-term implementation and production targets, the level of effort and resources devoted to institutional and human-resource development tended to be inadequate to ensure project sustainability. The seminar participants argued for more flexibility and balance among the various essential responsibilities of management leadership. They underscored the importance of accepting a longer term perspective and commitment focused on the ultimate development objectives of the project. One participant argued for bringing the project management team into the project at an earlier planning stage than has typically been the case, thus giving the whole effort a head-start.

Finally, participants discussed the changing requirements for technical assistance teams as developing countries advanced and developed their own technical and management expertise. Participants argued for more reliance on local capacity where it existed and for more emphasis on a joint problem-solving, collaborative relationship between foreign and counterpart host country personnel.

5.1.8 Greater Local Beneficiary Participation and Feedback

Another dimension of project organization and management discussed at the seminar was local or community participation in project decision-making, either directly or indirectly. There was broad agreement that early beneficiary involvement in projects was essential for project success. The group discussed reasons for the inadequacy of such participation in the past, including the fact that such an approach complicates project implementation, requires flexibility that runs counter to the classic blueprint approach, and requires different staff skills than are typically used.

Various dimensions of participation were discussed, ranging from passive consultation or surveying of beneficiary perspectives,

to more active mobilization and organization of beneficiary groups for direct involvement in project decisions and tasks. For example, development of local organizations for the operation and maintenance of community-based rural infrastructure was often found to be essential for sustainability. In these cases, very early involvement of community groups in the project technology and site location decisions were important to ensure the appropriateness of these plans from the perspective of the intended beneficiaries and to gain their commitment. For other types of projects, a more passive form of beneficiary participation appeared to be adequate for achieving project success.

What was always essential in all rural development projects was an effective feedback mechanism for rapidly informing project managers of the intended beneficiaries' attitudes and perceptions concerning the value and usefulness of and problems with the project's services. Participants emphasized the importance of this sometimes underrated feedback process, arguing that the knowledge and interests of the local communities must be applied and used to plan and redirect projects as needed. Also, more attention needs to be given to farm budget analyses assessing the financial opportunity costs and risks to beneficiaries of adopting a project's agronomic package.

In sum, donors should develop intervention approaches that take better account of "local wisdom" and of the intended beneficiaries' demands, priorities, and perspectives if projects are to be successful and sustainable. The old supply-oriented approach, based on the availability of foreign technologies and funds, or driven by the advice of expatriate teams, had not always been appropriate for the local situation. It was noted that while much experimentation with participatory approaches and schemes was going on, little had been systematically documented, shared, or developed into practical operational guidance.

A special session of the seminar was devoted to assessing the Aga Khan Rural Support Program as a case study of a successful participatory approach to rural development. Implemented by a nongovernmental organization with dedicated leadership, the project's goal was to improve the lives and welfare of some 1,200 rural villagers in the northern areas of Pakistan. Several guiding principles that have helped make the approach successful include (1) holding dialogues with villagers to identify their needs and aspirations as a basis for developing the action plan; (2) emphasizing productive activities first to establish an income-generation base to support social services later; (3) organizing villagers for collective action, including carrying out land development and obtaining government services; (4) upgrading villagers' production skills; and (5) generating capital resources through local savings and credit schemes.

Outstanding issues discussed included the importance of "external" economic opportunities to the success of the participatory approach. For example, the development of a highway through the project area provided the villagers with new economic opportunities that the project was able to exploit. Also raised were issues of project sustainability, replicability of project approach, and the special advantages and limitations of nongovernmental organizations. The long-term commitment of donors to support the project and the

emphasis on generating local resources and self-help approaches held out promise for sustaining the participatory approach.

5.1.9 More Research and Testing of Technologies in the Local Context

While experience indicated that rural development projects that focused on agricultural production objectives were more successful than multisectoral projects, even these rural development efforts failed when there was no core technology package appropriate to the local conditions. Project designs, especially for dry, rainfed areas, such as in many parts of Africa, tended to be overly optimistic concerning the ready availability of an appropriate technology capable of increasing yields at reasonable costs.

Several examples were given of successful projects that had emphasized bringing in technical specialists to perform applied technical research in the local context, test the appropriateness of the adapted technology, and then find efficient private sector approaches for developing and distributing the new technology. In these cases, the projects had focused on a single commodity intervention, but had viewed the research and testing of the technology not just in terms of its ability to maximize agricultural yields but more broadly in terms of its impact on smallholders' income-generation potential.

Seminar participants also discussed technology in relation to rural infrastructure policies and strategies. The appropriate choice of technologies for rural infrastructure was stressed as it related to the local communities' responsibilities, incentives, and capacities for the operation and maintenance of these technologies.

There was some discussion of the desirability of giving more attention to appropriate nonagricultural technologies capable of improving incomes of poor rural households, given the diversity of activities in which they engage for survival. A participant raised the issue of donors' procurement policies that required equipment and supplies of the aid package to be procured from the donor country. Such tied-aid policies were criticized as lacking market competition and cost-effectiveness and as often being inappropriate for the local context. Examples were given of vehicles procured for use in Africa that had operating and maintenance requirements that made them unsuitable for the harsh local road conditions.

In summary, the seminar discussion stressed the need for technological responsiveness and adaptation to local conditions and to the capacities, interests, and priorities of the local population.

5.2 Issues Related to Host Country Conditions and Policies

No text under this heading.

5.2.1 Greater Accommodation to Inhospitable Economic Conditions

One session of the seminar was devoted to exploring the external factors in the environments of rural development projects that had affected project performance. The most critical external influence discussed was the extremely grave economic situation in most developing countries, including huge foreign debt burdens that often exceed new aid inflows, severe foreign exchange shortages, and enormous pressures and curtailments on recurrent budgets. Seminar participants traced major trends that had contributed to these economic problems, including the recessions of the early 1980s, the falling international prices of many developing country commodities, impacts of food aid programs on domestic food prices and farmer incentives to produce, donor lending for projects that turned out to be net drains on the economy, and inappropriate domestic economic policies.

The importance of considering these inhospitable economic circumstances when designing new rural development projects was stressed. Positive returns on investments were considered to be essential, especially for projects financed by loans; that is, the income generation and growth resulting from project efforts made projects worthwhile investments. Unfortunately, too many rural development projects had failed this economic test, because of inefficient approaches and heavy "welfare" components with no revenue-generation potential. Severe budgetary curtailments in many developing countries were seriously affecting the capacity of governments to sustain rural development program activities and essential services without continued donor assistance. Also affected was the capacity of developing countries to repay debts on previous loans.

Several examples were given of successful rural development projects that illustrated important points on how donors might accommodate and overcome adverse economic environments. In the case of a smallholder rubber project in Malaysia, very effective rubber research was being financed directly by the smallholders who had an immediate interest in the productivity made possible by the research results. Despite the continual fall in rubber prices, the improvements in technology resulted in net profits and higher incomes for the small farmers. Operated by a parastatal, the project was not a drain on the Government's recurrent budget, assisted in improving the incomes of smallholders, and contributed to overall economic growth and exports.

In another success story, a team of agronomists developed a suitable agronomic package for hybrid maize in Kenya. The research was very successful and financially attractive. A private seed company was found to produce supplies and distribute them to rural areas through existing retail networks. Although there was no extension service involved, the adoption rate was extremely fast because farmers saw that it was to their financial advantage. Thus, recurrent costs for extension and distribution services were saved by using the private sector, with economic gains realized by the seed company, the small rural shops, the small farmers, and the economy.

In the area of rural social service delivery, seminar participants discussed how projects might better accommodate the economic situation in which severe budgetary shortages were affecting the provision and maintenance of social services. Because lack of funds for operating costs were forcing providers of social services to close down, donors were recognizing the need to look at self-financing and cost-recovery schemes. For example, evaluations of rural health projects were clearly demonstrating the substantial capacity and willingness on the part of rural populations to pay for health services if they were considered valuable and reliable. Some participants thought that such self-financing schemes should become a precondition for donor involvement in the expansion of social services.

5.2.2 Improved Support for Appropriate Policy Reforms

Participants discussed how some of the domestic economic policies of recipient countries had affected their economic growth and, particularly, their rural development. Policy trends in many parts of the developing world were now promising. In many developing countries there has been a major realignment of national development strategies away from protectionist, inward-looking economic policies and toward more competitive markets and open, export-led economies. This development is now allowing developing countries to begin to generate foreign exchange to fund their continued growth and to repay their debt obligations. These reforms have in particular affected rural areas, which are being transformed into a main agent of growth. This realignment in policies was in part forced by changing economic circumstances, such as the growing foreign debt burden and restrictions on budgets, with consequent needs to curtail imports and to earn scarce foreign exchange. This policy shift could only happen in sectors with a comparative advantage, usually the agricultural sector in most developing countries.

During the last decades, policies of price controls for agricultural commodities reduced incentives for efficient agriculture and hurt farmers' incomes. Industrial development and urbanization had been financed at the expense of agriculture. However, this has been rapidly shifting in many developing countries, as economic policies, by necessity, encourage competitiveness in order to increase exports. Farmers are benefiting from these liberalized, market-oriented policies through improved profits and incomes from sale of their produce.

Participants also discussed the policy of centrally determined interest rates -- another form of market control that harmed rural development efforts. In the case of donor-supported agricultural development banks and small-farmer credit schemes, these interest-rate policies typically led to decapitalization of the credit institutions and to lack of self-sufficiency. As capital markets become more competitive, opportunities for successful and sustainable agriculture credit programs grow.

There was some discussion of experiences with various donor approaches to influencing and supporting domestic policy reforms affecting agriculture and rural development. Discussion included experiences with a project approach to supporting agricultural planning and analysis functions. Although such projects tended to be very successful in increasing the capacity of the host government to collect and analyze data on sectoral issues, they were less successful in actually influencing policy changes. Lessons from evaluations included the need for such projects to focus much more explicitly on the policy constraints and issues, to involve decision-makers more in the whole process in order to gain their interest and support, and to select the organizational unit that is actually supporting the decision-makers' policy-analysis process.

Another donor approach discussed at the seminar was nonproject assistance programs with agricultural policy reform conditions. Evaluations of several such programs in Africa indicated that, in general, liberalizing agricultural price incentives was a good and quick way to influence farmer decisions. Moreover, agricultural production, including that of small farmers, responded quickly when the incentive for change was strong enough, as long as there were no overriding constraints, such as poor weather or lack of necessary infrastructure. However, one participant cautioned that liberalization of agricultural policies could in some cases adversely affect individual rural development projects in countries where the agricultural sector had previously been protected or subsidized. Lessons from such policy reform efforts included the difficulty of implementing policy reform programs and of managing agricultural price interventions, particularly in conditions of very rapid change -- for example, trying to adjust policies to seasonal swings from scarcity to supply glut.

5.2.3 Increased Country Analysis and Strategic Planning

A seminar speaker pointed out that although donor agencies had paid much attention to developing a "global" rural development strategy and to developing project-level intervention approaches, far less attention had been devoted to assessing appropriate rural development strategies at the country level. In other words, appropriate rural-sector strategies tailored to local country conditions have been lacking. Such analysis was considered by many at the seminar to be key to successful rural development.

Participants raised several issues to be addressed by country analysis and strategic planning. First, it was suggested that such analysis should examine the linkages, dependencies, and appropriate sequencing of related project activities within the target rural area. That is, the integration of interrelated rural subsectors and activities, which was found to be inappropriate at a project level, should be done at a strategic planning level.

Second, such analyses could provide a more thorough assessment of host country institutional capacities and of the local socioeconomic structures and processes at the community, household, and individual levels. For example, such strategies might reexamine whether the

traditional emphasis on the small farmer is most appropriate in a given setting, or whether other groups, such as landless laborers, artisans, or part-time farmers interested in off-farm income opportunities, should be given more attention in the strategy.

Third, country-level strategic analysis of rural development opportunities and constraints should focus on the interplay of project interventions and of the macroeconomic environment. For example, participants felt that donors needed to assess more realistically the recurrent budget costs, of all projects together, not just of individual projects in isolation. Project sustainability problems were viewed not just as a problem of a low level of government commitment or wrong priorities but rather as a lack of financial budgetary capacity to deal with the magnitude of donor projects in the aggregate.

Similarly, it was argued that with the growth of nonproject assistance and policy reform conditionality, more attention needed to be given at the strategic planning level to dovetailing this mode of assistance with project efforts so that they are part of a complementary and mutually supportive rural development assistance package. Not only can project performance be made more effective via supportive policy reforms, but conversely, difficult policy reform conditions may be facilitated by various supporting project activities.

Some participants expressed concern that the recent shifts of some donor agencies to more macro policy reform programs might eventually shift attention away from concerns with basic human needs or foreclose the efforts of more direct poverty-focused rural development projects. Participants thought that rural development strategies should seek a balance among these assistance modes so that they are mutually supportive of common rural development goals and strategies.

Also, there was a perception that national economic growth and poverty alleviation should not be viewed as separate goals or contradictory strategies, but rather as two sides of the same coin. The objective should be to establish a broad-based and sustainable process of economic growth that includes income- and employment-generation opportunities for the rural poor. Some participants suggested that rural development strategies for poverty areas be implemented in phases, with the initial stages concentrating on project activities and policy reforms that raise the local populations' incomes and capacities to pay for social services, which are then introduced at later stages.

APPENDIX

LIST OF PARTICIPANTS

Country/Organization	Donor Agency Representative
----------------------	-----------------------------

Australia	<p>Bruce Carrad Director, Evaluation Section Appraisal, Evaluation and Sectoral Studies Branch Australian Development Assistance Bureau (ADAB)</p>
Belgium	<p>Louis Callewaert Conseiller Adjoint Bureau d'Organisation Administration G�n�rale de la Coop�ration au D�veloppement</p>
Canada	<p>Robert Jones Evaluation Analyst Policy Branch Canadian International Development Agency (CIDA)</p> <p>Sonya Rabeneck Agriculture Evaluation Analyst Policy Branch CIDA</p>
Denmark	<p>Klaus Winkel Head, Division for Evaluation and Research Danish International Development Agency (DANIDA)</p> <p>Niels Dabelstein Head, Evaluation Unit DANIDA</p> <p>Bjoern Kalmar Hansen Technical Advisor, Bilateral Aid Department DANIDA</p>
Finland	<p>Armi Heinonen Chief, Country Programming Unit Finnish International Development Agency (FINNIDA)</p> <p>Ilkka Kimmo Consultant, Project Development Department FINNIDA</p>
France	<p>Yves Chaigneau Sous-Directeur Division des Politiques Sectorielles et de l'Evaluation R�trospective Caisse Centrale de Coop�ration Economique (CCCE)</p>

Louis Caudron
Sous-Directeur du Développement Rural
Ministère de la Coopération

Robert Hirsch
Chef de Division Politiques Sectorielles
CCCE

Courtant
Chef of Bureau
Sous-Direction du Développement Rural
Ministère de la Coopération

Jean-Claude DevŠze
Chargé de Mission Principal
Division Afrique de L'Ouest
CCCE

Germany Michael Bohnet
Head, Evaluation Department
Federal Ministry for
Economic Cooperation (BMZ)

Hans-Jochen de Haas
Rural Development Specialist
Agricultural Department
BMZ
Henner Meyer-Röhnen
Germany Agency for Technical
Cooperation (GTZ)

Ireland Garvan McCann
Rural Development Adviser
Development Cooperation Division
Department of Foreign Affairs

Italy Corrado-Maria Zancocchia
Agricultural Economist
Ministry of Foreign Affairs

Japan Mikio Nakamura
Deputy Head Planning Division
Japan International
Cooperation Agency (JICA)

Netherlands Hedy I. von Metzsch
Director, Operational Review Unit
Directorate-General for
International Cooperation

P.E.M. Engelkes
Royal Tropical Institute

Joos Koster
Operational Review Unit

Directorate-General for
International Cooperation

Chris van Vugt
Rural Development Specialist
Technical Advice Unit
Directorate-General for
International Cooperation

Norway

Arild Skaara
Senior Project Officer
Land Use Planning Division
Norwegian Agency for International
Development (NORAD)

Helge Kjekshus
Senior Advisor, Evaluation and Research
Planning Division
Ministry of Development Cooperation

Sweden

Lars Erik Birgegård
Research Director
International Rural Development Center
Swedish University of Agricultural Science

Elizabeth Lewin
Head, Evaluation Section
Planning Secretariat
Swedish International Development
Authority (SIDA)

Lennart Bondesson
Senior Programme Officer
Agricultural Division
SIDA

Switzerland

Josef Imfeld
Deputy Head, Evaluation Department
Directorate for Development Cooperation
and Humanitarian Aid (DDA)

Regis Avanthay
Project Officer
Financial Cooperation Section
Directorate for Development Cooperation
and Humanitarian Aid (DDA)

United Kingdom

John Morris
Head, Evaluation Department
Overseas Development Administration (ODA)

Andrew Bennett
Chief, Natural Resources Adviser
ODA

United States Haven North
Associate Assistant Administrator
Center for Development Information and
Evaluation
Bureau for Program and Policy Coordination
Agency for International
Development (A.I.D.)

Annette Binnendijk
Chief and Supervisory Economist
Program and Policy Evaluation Division
Center for Development Information and
Evaluation
A.I.D.

Krishna Kumar
Social Science Analyst
Program and Policy Evaluation Division
Center for Development Information and
Evaluation
A.I.D.

Asian Development A. Timothy Peterson
Bank Senior Evaluation Specialist
Post-Evaluation Office

African Development Moussiliou Oketokoun
Bank Deputy Director
Operations Evaluation Office

Agyeman Atwereboanda
Adviser
Operations Evaluation Office

Inter-American R. Pablo Guerrero
Development Bank Chief, Operations Evaluation Office

Cecil Clarke
Economist
Agricultural Projects, Project Analysis

Commission of the Helmut Eggers
European Committees Chief, Service, Programming, and
(CEC) Methodology of Evaluations
European Commission (CEC)

W. Kennes
Administrator

United Nations Jehan Raheem
Development Program Director, Central Evaluation Office

Roger Maconick
Senior Evaluation Officer
Central Evaluation Office

Organization for John White
Economic Cooperation Secretary
and Development DAC Expert Group on Aid Evaluation
OECD

Aga Khan Rural Shoaib Sultan Khan
Support Program General Manager
Aga Khan Rural Support Program
Aga Khan Foundation

World Bank Yves Rovani
Director-General
Operations Evaluation

Vijay Vyas
Acting Director
Agriculture and Rural Development
Department
Policy, Planning and Research

Graham Donaldson
Chief, Agriculture, Infrastructure,
and Human Resources Division
Operations Evaluation Department

Robert-Jan E.M. van der Lugt
Special Adviser and Assistant to the
Director-General
Operations Evaluation

Julian Blackwood
Senior Evaluation Officer
Agriculture, Infrastructure and
Human Resources Division
Operations Evaluation Department

Seminar Secretariat Christian Cuillot
Operations Evaluation Department
World Bank